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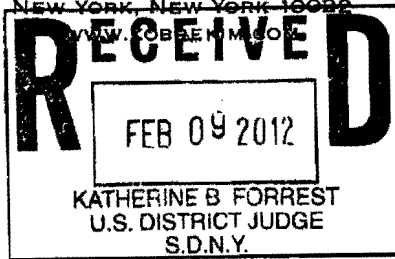
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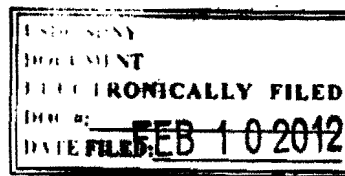


NEW YORK
LONDON
HONG KONG
WASHINGTON DC
MIAMI

February 9, 2012

BY HAND

Honorable Katherine B. Forrest
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007



Re: Microsoft Corporation v. DataTern, Inc.
No. 11 Cv. 2365 (RJH)
SAP AG and SAP America, Inc. v. DataTern, Inc.
No. 11 Cv. 2648 (RJH)

Dear Judge Forrest:

We represent Microsoft in the above-captioned action. We write jointly with counsel for SAP AG and SAP America (together, "Plaintiffs") to advise the Court that Plaintiffs will be submitting a proposed order regarding the non-assertion of claims by Defendant DataTern in lieu of the joint stipulation (requested by the Court and agreed to by DataTern) because DataTern has refused to honor its agreement to stipulate.

The proposed order arises from the January 31, 2012 hearing at which Judge Holwell denied DataTern's motion to dismiss and/or stay the actions. At that hearing, in connection with the Court's consideration of a proposed scheduling order (entered February 7, 2012, *see* Docket 37 (attached as Exhibit A)), DataTern agreed, at Judge Holwell's urging, to stipulate that it would not assert certain infringement claims against customers or users of Microsoft and/or SAP software beyond those contained in the infringement contentions served in this matter. *See* Exhibit B (excerpted January 31, 2012 transcript), at 24-28.¹

¹ Plaintiffs' understanding of the stipulation's terms is set forth in footnote 1 of the Court's February 7, 2012 Scheduling Order (Docket 37).

Honorable Katherine B. Forrest
February 9, 2012
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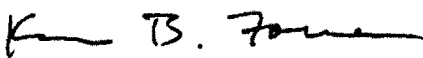
The stipulation was intended to streamline the number of patent claims at issue in this matter in exchange for DataTern's agreement to forego suing Microsoft and SAP customers and users on patent claims not adjudicated in this action. The Court initially requested that the stipulation—which the Court expressly stated that it would so-order (see Exhibit B, at 28)—be filed by February 3, 2012. The Court later approved the parties' joint request to extend that deadline to February 8, 2012.

Plaintiffs sent a draft stipulation to DataTern on February 3, 2012, and followed-up with opposing counsel on February 6, 2012, to ensure timely filing of the stipulation. On February 7, 2012, DataTern sent an initial mark-up, to which Plaintiffs objected. On February 8, 2012, after Judge Holwell announced that he would be leaving the bench, DataTern refused to alter its position—and instead agreed to stipulate only to substantially revised terms, which undercut the stipulation's effect and were contrary to the terms DataTern agreed upon in Court.

In short, DataTern's delay and last-minute attempt to change the terms of the stipulation rendered it impossible for the parties to agree on a stipulation by February 8, 2012, and we do not anticipate that the parties will be able to so agree.

Accordingly, Plaintiffs respectfully request permission to file a proposed order with the Court based on the original terms agreed to by the parties and related papers no later than February 14, 2012.

ORDERED that Data Tern
respond to this letter by
C.O.B. 2/14/12.

2/10/12 
US DJ

Respectfully submitted,



Danielle L. Rose
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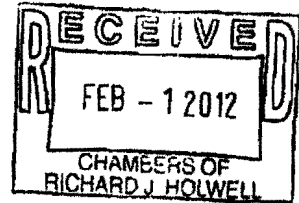
Steven J. Rocci
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cc: Counsel for DataTern, Inc. (by electronic mail)

EXHIBIT A

Holwell, R

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK



MICROSOFT CORPORATION,

Plaintiff,

v.

DATATERN, INC.,

Defendant.

SAP AG AND SAP AMERICA, INC.,

Plaintiff,

v.

DATATERN, INC.,

Defendant.

Civil Action No. 1:11-cv-02365-RJH

Civil Action No. 1:11-cv-02648-RJH

ECF Case

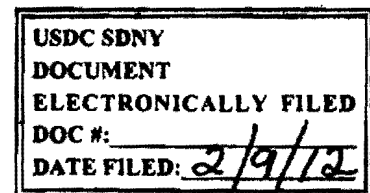
PROPOSED ORDER

WHEREAS, on July 19, 2011, the Court entered a scheduling order in the above-captioned matters (the "July 19 Scheduling Order");

WHEREAS, on September 30, 2011, Plaintiffs Microsoft Corporation ("Microsoft") and SAP AG and SAP America, Inc. (collectively, "SAP" and, with Microsoft, "Plaintiffs") and Defendant DataTern, Inc. ("DataTern" and, with Plaintiffs, the "Parties") exchanged terms for claim construction;

WHEREAS, on November 30, 2011, Plaintiffs and DataTern exchanged proposed constructions for claim terms;

WHEREAS, in an effort to reduce the number of claim terms requiring construction, the Parties have reached a compromise to (i) exchange invalidity and infringement contentions; and (ii) modify the schedule to permit such exchange and related scheduling adjustments; and



WHEREAS, accordingly, Microsoft and SAP, by and among the undersigned counsel, propose to modify the July 19 Scheduling Order as follows:

DataTern's infringement contentions ¹	Mar. 16, 2012
Microsoft's and SAP's invalidity contentions	Apr. 16, 2012
Exchange claim construction terms/proposed constructions	Apr. 23, 2012
Meet and confer re claim construction	Apr. 30, 2012
Opening claim construction briefs ²	May 31, 2012
Expert claim construction depositions	Between May 31 and June 25, 2012
Responsive claim construction briefs	June 25, 2012
Reply claim construction briefs	July 25, 2012
Claim construction hearing	To be determined by the Court
Close of fact discovery	July 30, 2012
Exchange opening expert reports on the issue(s) on which the Party bears the burden	Aug. 30, 2012
Exchange responsive expert reports	Sep. 21, 2012
Close of expert discovery	Oct. 22, 2012
Motions for summary judgment deadline	Nov. 21, 2012
Trial	To be determined by the Court

¹ The Parties have reached an agreement concerning DataTern's non-assertion of certain purported patent claims against users of Microsoft and SAP software; Plaintiffs proposed the following language—which they believe accurately memorializes that agreement—to DataTern for inclusion in this Order:

Insofar as any of the 'Accused Products' (as defined in DataTern's July 1, 2011 counterclaims in this action) form a basis, in whole or in part, for any current or future patent infringement claim for relief by DataTern in any forum against customers and/or users of the Accused Products, DataTern will limit its infringement assertions against such customers and/or users to only those patent claims identified in its infringement contentions in this action.

DataTern has, however, objected to including such language in the proposed Scheduling Order and has instead stated that it will only discuss a side agreement with respect to this issue. As a result, DataTern has not stipulated to this proposed Order. Plaintiffs are not aware of any other DataTern objections to the content of this proposed Order.

² To the extent that a Party intends to present expert evidence/testimony in connection with a claim construction issue and/or at the claim construction hearing, that Party will submit either an expert declaration or an expert report with its opening claim construction brief.

DATED: January 31, 2012

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*Attorneys for Plaintiffs SAP AG and SAP
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SO ORDERED this 7 day of ~~January~~ ^{FEBRUARY}, 2012


HONORABLE RICHARD J. HOLWELL
UNITED STATES DISTRICT JUDGE

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EXHIBIT B

121VVMICA Argument
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----x

MICROSOFT CORPORATION, SAP AG,
SAP AMERICA, INC.'S,

Plaintiffs,

v.

11 CV 2365 (RJH)

11 CV 2648 (RJH)

DATATERN, INC.,

Defendant.

-----x

New York, N.Y.

January 31, 2012

3:10 p.m.

Before:

HON. RICHARD J. HOLWELL,

District Judge

APPEARANCES

KOBRE & KIM

Attorneys for Plaintiffs

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-AND-

WOODCOCK WASHBURN

BY: STEVEN J. ROCCI

JEB OBLAK

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DUANE MORRIS

BY: EVANGELOS MICHAILIDIS

McCARTER & ENGLISH

Attorneys for Defendant

BY: ERIK P. BELT

LEE C. BROMBERG

SOUTHERN DISTRICT REPORTERS, P.C.
(212) 805-0300

121VVMICA

Argument

1 warrant the Court here to hold its -- stay its hand.

2 And the public interest, I think, cuts both ways. I
3 mean both parties make credible arguments on the public
4 interest issue, that I consider it to be a wash.

5 So we're going to proceed here, and then the question
6 is simply what the schedule is.

7 The parties indicated last week that they were
8 negotiating a schedule in the event that this action did
9 proceed.

10 MS. ROSE: Yes, I can speak to that.

11 I believe that we have an agreement on the dates, and
12 that's reflected in a proposed order that plaintiffs submitted.

13 THE COURT: Do you have a copy you can hand up to the
14 Court?

15 MS. ROSE: I do.

16 My understanding is that we do have an agreement on
17 dates that makes some modest adjustments to the overall
18 schedule to permit the parties to exchange infringement and
19 invalidity contentions.

20 The one remaining issue is that with respect to the
21 infringement contentions, Datatarn has agreed -- we understand
22 in principle that it will not pursue customers and end users of
23 Microsoft and SAP for under a theory that is broader than the
24 infringement contentions in this case; because the goal is
25 obviously just to resolve the whole controversy and not

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121VVMICA Argument

1 litigate this seriatim.

2 We would like that memorialized in this order, because
3 we think it's part of the entire --

4 THE COURT: I'm not sure I understand what that means.

5 MR. ROCCI: Your Honor, so in the Texas actions,
6 they've asserted Claim 1 of the '402 and the '502 patents.
7 Those are two patents in issue.

8 In the New York action in here, we don't know yet
9 which claims they are going to assert. And actually, that's
10 part of the goal of the revised scheduling order; they would
11 serve infringement contentions. And in those infringement
12 contentions, they would identify the claims that Microsoft and
13 SAP allegedly infringe, together with some theory.

14 What we are trying to address is that the scenario,
15 which I think Datatarn agrees with in principle, the theory
16 that there would be claims that they would not assert in New
17 York, here, but that they could assert in Texas. And we're
18 trying to bring mutuality to it, so that we don't have to fight
19 for naught here; that is, whatever claims we fight here will be
20 dispositive of whatever claims we fight elsewhere.

21 THE COURT: OK. I think I have a better appreciation
22 of what you're talking about.

23 Mr. Belt, do you want to comment on that?

24 MR. BELT: Mr. Bromberg will comment.

25 THE COURT: Yes. Mr. Bromberg.

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121VVMICA

Argument

1 MR. BROMBERG: Your Honor, the problem we have with
2 this is we have not yet made infringement contentions in this
3 action. And I think Ms. Rose said something about that we
4 should not be able to make broader allegations of infringement
5 elsewhere. That's simply not our understanding of what we were
6 talking about.

7 What we were talking about was any situation in which
8 we thought there was a claim of infringement against a
9 Microsoft or an SAP customer that somehow implicated Microsoft
10 or SAP and, therefore, would be a subject of litigation in this
11 Court; that we would agree that that would be the extent of the
12 claims that we would assert. And we were doing this simply as
13 a way to get a more rational schedule for this proceeding.

14 THE COURT: What seems to me the plaintiffs in this
15 case want and probably are entitled to is not to face the
16 situation in which this case goes forward -- and let's assume
17 that they win in this case -- then to find a year down the road
18 that Datatarn brings a suit against a customer of Microsoft's,
19 who then creates kind of a lock extension indemnification claim
20 against Microsoft. That seems to me the risk of -- is that the
21 risk that you're trying to avoid?

22 MR. ROCCI: Yes, your Honor.

23 And I think, if I may, we had agreement on that
24 principle.

25 THE COURT: OK.

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121VVMICA Argument

1 MR. ROCCI: I don't want to steal your thunder, Lee,
2 so I'll wait till you're done.

3 No, well, I was going to read what we had agreed to in
4 the email.

5 MR. BROMBERG: OK. All right. Sure.

6 MR. ROCCI: So we've had an email exchange. And I'll
7 read a pertinent part of one of the emails. This is to
8 Mr. Belt from me.

9 "One other thing. Can you confirm, as I requested in
10 a previous email in connection with this particular issue, that
11 Datatarn agrees not to assert any claims not included in the
12 infringement contentions against a Microsoft or SAP customer,
13 to the extent that the accused Microsoft and SAP software is
14 implicated."

15 And that was sort of a casual way of expressing it.

16 And they emailed back and they said, We agree.

17 And in the proposed order that we handed up, in
18 Footnote 1 we tried to formalize that agreement in language
19 that's less casual.

20 And I don't believe that there's any dispute with the
21 language in Footnote 1. I sent this to Datatarn on Friday. I
22 haven't heard that they disagree with it. I think the major
23 disagreement is whether it should be embodied in an order.

24 THE COURT: Is that the issue, Mr. Bromberg?

25 MR. BROMBERG: Yes, it is, your Honor.

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121VVMICA Argument

1 We don't think it's appropriate in the scheduling
2 order. We did reach an agreement that --
3 THE COURT: Is it feasible to enter simply into a
4 stipulation between and among counsel on that issue?
5 MR. BROMBERG: That's our proposal, your Honor.
6 THE COURT: Why isn't that an acceptable procedure?
7 MR. ROCCI: Your Honor, our only concern is that it's
8 somehow binding. Rather than a contract cause of action, it's
9 a court order.
10 THE COURT: Well, I'll still order the stipulation.
11 MR. ROCCI: And then we're OK with it, your Honor.
12 THE COURT: All right.
13 When can you have the stipulation done?
14 MR. ROCCI: Your Honor, I think all we need to do is
15 take this footnote, turn it into a stipulation, and get it
16 signed, and we'll submit it.
17 Is that OK?
18 MR. BELT: We may have --
19 THE COURT: Friday?
20 MR. BELT: The process is fine. We may have some
21 tweaks on wording.
22 THE COURT: I understand that.
23 MR. BELT: We didn't get this until over the weekend.
24 THE COURT: Of course.
25 All right.

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121VVMICA Argument

1 MR. ROCCI: Thank you, your Honor.
2 THE COURT: Anything else we should address this
3 afternoon?
4 Going once, going twice.
5 MR. ROCCI: Not from the plaintiffs.
6 THE COURT: All right.
7 Thank you for coming in.

* * *

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